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INFORMATION REPORT

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1. In early 1952 counterfeit Jen min piao notes were being manufactured at Shangshui (0006/3055), Kowloon, and were being placed on the market by HO Ch'ing(0149/3237), a merchant, at the rate of JMP 10,000 to HK \$5. Members of the Yellow Ox organization were used to smuggle the counterfeit notes into Shench'uan(114-06, 22-32) to a person previously designated to receive them; they were being paid HK \$0.50 for each JMP 10,000 delivered.
2. The counterfeits of the 1949 issue of the People's Bank of China notes were reproduced excellently and it was difficult to distinguish them from the real ones. It was easy to circulate the notes, and quite a few were being circulated in villages along the Canton-Kowloon railroad.
3. The Communist propaganda office for Kwangtung was claiming that these counterfeit notes came from Hong Kong and were the result of an American plot to undermine the finances of Communist China. The Kwangtung government issued an order to all commercial enterprises to help the government apprehend persons passing these notes, and persons caught passing them were to be executed.

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